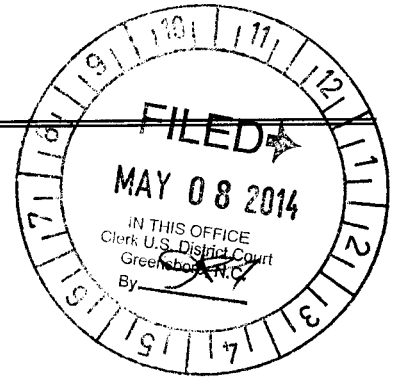


UNITED STATES DISTRICT COURT

for the
Middle District of North Carolina

In the Matter of the Search of)
 (Briefly describe the property to be searched)
 or identify the person by name and address))

Carolina Liquid Chemistries Corp.,)
 575 N. Patterson Avenue, Suite 430, Winston-Salem,)
 North Carolina 27101)

Case No. 1:14 MJ 77-1

SEARCH AND SEIZURE WARRANT

To: Any authorized law enforcement officer

An application by a federal law enforcement officer or an attorney for the government requests the search of the following person or property located in the Middle District of North Carolina
 (identify the person or describe the property to be searched and give its location):

Carolina Liquid Chemistries Corp., 575 N. Patterson Avenue, Suite 430, Winston-Salem, North Carolina 27101, as more fully described in Attachment A-1 attached hereto and incorporated by reference

I find that the affidavit(s), or any recorded testimony, establish probable cause to search and seize the person or property described above, and that such search will reveal (identify the person or describe the property to be seized):
 evidence and instrumentalities of a crime, as described in Attachment B attached hereto and incorporated by reference

YOU ARE COMMANDED to execute this warrant on or before May 20, 2014 (not to exceed 14 days)
☒ in the daytime 6:00 a.m. to 10:00 p.m. ☐ at any time in the day or night because good cause has been established.

Unless delayed notice is authorized below, you must give a copy of the warrant and a receipt for the property taken to the person from whom, or from whose premises, the property was taken, or leave the copy and receipt at the place where the property was taken.

The officer executing this warrant, or an officer present during the execution of the warrant, must prepare an inventory as required by law and promptly return this warrant and inventory to L. Patrick Auld
 (United States Magistrate Judge)

☐ Pursuant to 18 U.S.C. § 3103a(b), I find that immediate notification may have an adverse result listed in 18 U.S.C. § 2705 (except for delay of trial), and authorize the officer executing this warrant to delay notice to the person who, or whose property, will be searched or seized (check the appropriate box)

☐ for _____ days (not to exceed 30) ☐ until, the facts justifying, the later specific date of _____

Date and time issued:


May 6, 2014

L. Patrick Auld
 Judge's signature

City and state:

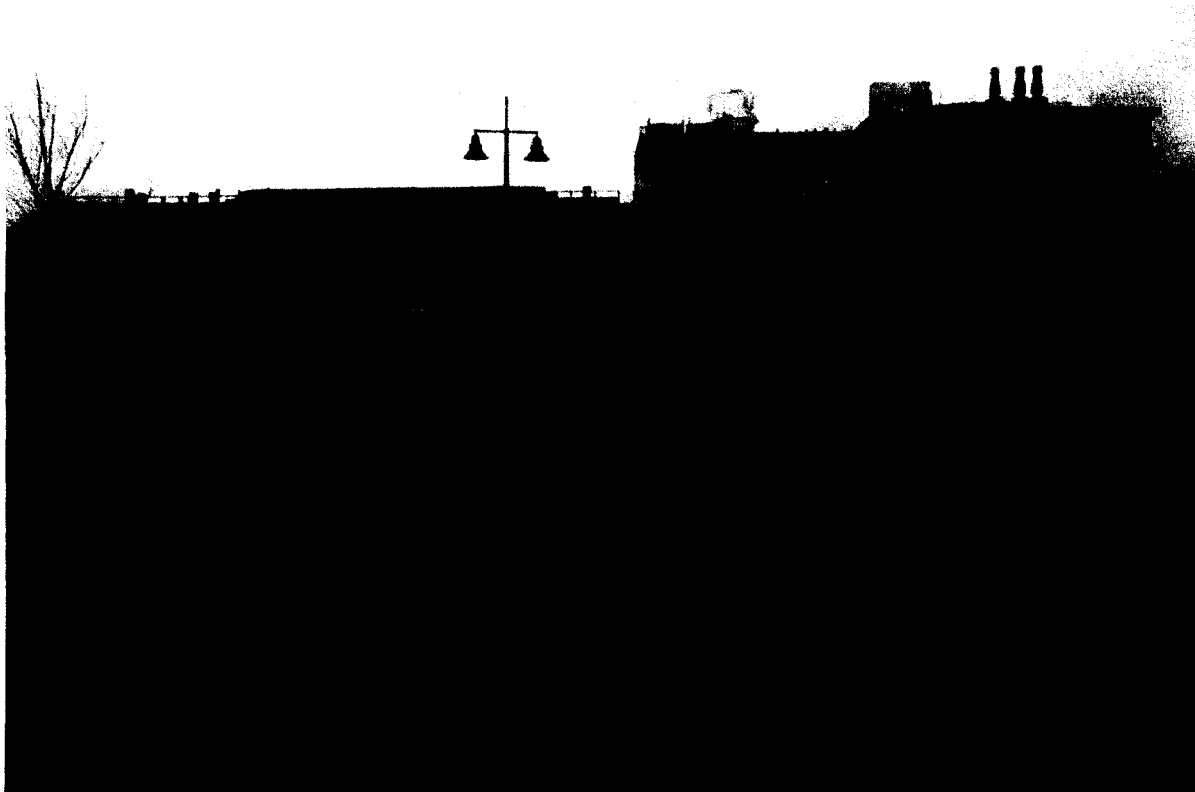
Greensboro, NCL. Patrick Auld, US Magistrate Judge

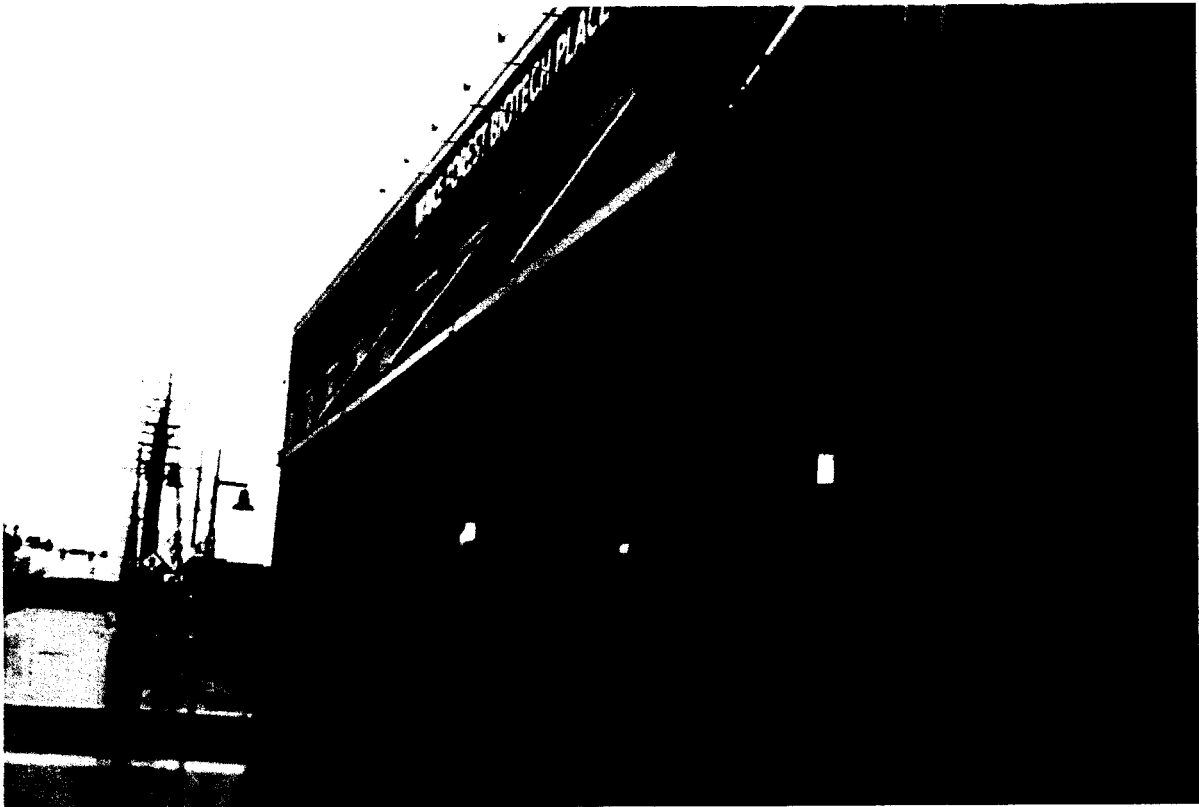
Printed name and title

Return		
Case No.: <u>1:14MJ77-1</u>	Date and time warrant executed: <u>05/07/2014 8:00AM</u>	Copy of warrant and inventory left with: <u>HR REP. JENNIFER HARDY 8:17AM</u> <u>AND PHILIP SHUCART AT 7:20PM</u>
Inventory made in the presence of: <u>SA EDMUND ELWING</u>		
Inventory of the property taken and name of any person(s) seized: <u>SEE ATTACHED</u>		
Certification		
<p>I declare under penalty of perjury that this inventory is correct and was returned along with the original warrant to the designated judge.</p>		
Date: <u>5/8/14</u>	<div> _____ Executing officer's signature</div> <div><u>SPECIAL AGENT EDMUND ELWING</u> _____ Printed name and title</div>	

ATTACHMENT A-1

The office of Carolina Liquid Chemistries Corp. is located at 575 N. Patterson Avenue, Suite 430, Winston-Salem, North Carolina 27101, in the block bordered by East 7th Street, Vine Street, 5th Street East and Patterson Avenue. The office is in a multi-tenant, multi-story building with a main entrance on Patterson Avenue with a door marked 575 and concrete steps leading to an entrance with two sets of glass doors. The Carolina Liquid Chemistries Corp. office is located on the fourth floor, has glass entry doors and is marked as Suite 430. The floor is accessed either via an elevator or stairs.





ATTACHMENT B

DESCRIPTION OF THE ITEMS TO BE SEIZED

DEFINITIONS AND INSTRUCTIONS

Unless otherwise provided for, the following terms shall have the meanings specified.

1. "Document" or "record" means written, printed, typed, recorded, electronic or graphic matter of every type or description, including correspondence, communications, emails, facsimile, notes, memoranda, minutes of meetings, working papers, directives, manuals, contracts, charts, graphs, drawings, marketing materials, training materials, and material stored in any data storage system, to include electronic storage media, which incorporates electronic mail, voicemail messages, facsimiles, videotapes, audiotapes, photographs, magnetic tapes, computer discs (including floppy disks, hard drives, hard disks, flash drives, and metadata), all programming instructions, record layouts, and other material necessary for the retrieval of all electronic or word processing material and printouts of data or information stored or maintained by electronic means. Documents also include preliminary drafts or revisions, any attachments or enclosures, as well as copies or duplicates that are not identical to the original because of additions, deletions, alterations or notations. "Documents" and "Records" will be synonymous.
2. The words "or" and "and" are inclusive, referring to any one or more of the disjoined words or phrases, and "any" and "all" also include "each and every."
3. Use of the word "including" herein to identify categories of documents is not intended to limit the documents to those listed and should be read as "including but not limited to."
4. "Relate to" or "relating to" means in any way to concern or to pertain to, whether directly or indirectly.
5. "Carolina Liquid Chemistries Corporation," "CLC," "Carolina Chemical" or "the company" refers to Carolina Liquid Chemistries Corp, and any parents, subsidiaries, affiliates, segments, divisions, both presently existing and those which previously existed, and any present or former officers, directors, employees, consultants, contractors, agents, or members of the board of directors.

6. CLC UDT test systems refers to any product manufactured, marketed, or sold by CLC that is used in connection with urine drug testing and the components thereof, including the CLC Biolis 24i, CLC420 and CLC720, all chemical compounds, reagents, and assays used in connection with urine drug testing equipment, and package or device inserts for all components of the CLC UDT test systems.
7. "FDA" means the United States Food and Drug Administration and any sub-division thereof.
8. Unless otherwise stated, the warrants permit search and seizure of documents and records that were received or dated at any time during the period March 2009 through the date of execution of this warrant, or documents or items that discuss or relate to events during that period.

INSTRUCTIONS REGARDING PRIVILEGED DOCUMENTS

Because an ongoing business operates at the SUBJECT PREMISES, it is possible that information protected by the attorney-client or work product privilege may be stored at this location. To avoid the disclosure of any such privileged information, agents executing the warrants shall be directed to segregate any item that is clearly marked as "Attorney-Client" or "Work-Product" privileged, and any other document or item that, though not so marked, appears upon cursory inspection potentially to be subject to such privileges. Items so segregated will subsequently be reviewed by a law enforcement agent (or agents) who is (are) not part of the underlying investigation (the "taint team").

ITEMS TO BE SEIZED FROM THE SUBJECT PREMISES

1. All documents that relate to the corporate structure, organization, and ownership of CLC, including organizational charts and articles of incorporation.
2. Documents sufficient to show the names, job title, dates of employment, social security number, business, residence, and, if different, last known address and any other available contact information (including telephone number(s) and e-mail address(es)) for all persons who were employed by CLC, whether as employees or consultants.
3. Documents sufficient to describe the specific job responsibilities of, performance standards, and compensation for, each person that would be identified in response to the preceding request.

4. All documents relating to the performance or evaluation of CLC employees, consultants, or advisors relating to incentive-based compensation tied to the number of CLC products sold.
5. All documents relating to the training of CLC employees in connection with CLC UDT test systems, including product training manuals, Medicare or insurance billing materials, FDA regulations, medical reference materials, and any videos shown to or taken of any employees in connection with such training.
6. Any CLC UDT test systems present at 575 N. Patterson Avenue, Suite 430, Winston-Salem, North Carolina 27101.
7. All documents relating to research and design, manufacture, specifications, and capabilities of CLC UDT test systems produced, distributed, marketed, sold, serviced or supplied, including records from bench or clinical trials, specifications sheets, product brochures, informational supplements and packaging, and device or package inserts.
8. All documents relating to the research and design, manufacture, specifications, and capabilities of products purchased by CLC from third parties and re-packaged, re-labeled, or re-sold as part of any UDT test systems including import records, customs declarations, specification sheets, product brochures, informational supplements and packaging, and device or package inserts.
9. All documents relating to the re-packaging and re-labeling of products purchased by CLC from third parties and re-packaged, re-labeled, or re-sold as part of any UDT test systems.
10. All documents relating to the purchase of any component of a CLC UDT test system, including bills, invoices, and claims for payment/reimbursement for products or services, cash receipts and disbursement journals and ledgers, inventory logs, lines of credit, and purchase or lease agreements.
11. All documents relating to communications, meetings, or interactions with Medicare, any Medicare contractor, Tricare, any health care insurer, or any consultant or advisor relating to billing any health insurance program for any type of urine drug testing.
12. All manuals, rules, guidance, articles, or billing forms from Medicare, any Medicare contractor, Tricare, or any health care insurer relating to billing for urine drug testing.

13. All documents relating to denial of claims, audit of claims, or request for repayment or refund by Medicare, any Medicare contractor, Tricare, or any health care insurer that were based on tests conducted on CLC UDT test systems.
14. All documents relating to FDA review, clearance, or approval of CLC UDT test systems, including records of the development and testing of the UDT test systems, records of bench or clinical trials, and communications with and documents sent to and received from the FDA.
15. All documents sent to and received from and communications with consultants or advisors relating to FDA review, clearance, or approval for CLC UDT test systems.
16. All documents relating to interaction between CLC and the FDA for any CLC product, including inspection reports, warning letters, responses to FDA communications of any kind, or records of meetings with the FDA.
17. All documents relating to sales and/or leasing and marketing of CLC UDT test systems, including current, past, and potential customer lists, sales and leasing "lead" information, contracts with customers, shipping documents, payments from customers, payments or incentives to customers, presentation or marketing materials, and sample or pre-populated billing forms customer training materials.
18. Records relating to customer bills, invoices, and claims involving CLC UDT test systems for payment/reimbursement for products or services including bills, invoices, and claims for payment/reimbursement for products or services, cash receipts and disbursement journals and ledgers, inventory logs, lines of credit, and purchase or lease agreements.
19. All documents relating to complaints, concerns, or questions by CLC UDT test system potential, current, or former customers, including complaints, concerns, or questions relating to billing for urine drug tests, denial of claims, insurance audits, or requests for refunds.
20. Records relating to the operation and service of CLC UDT test systems, including requests for service, service agreements with customers and individuals authorized to service CLC test systems, customer questions or complaints, recalls, and returns.
21. Any documents identifying any storage facilities, addresses, and/or post office boxes where CLC, Patricia (Patti) Shugart, or Phil Shugart maintain records, products, or supplies or receive shipments or mail.

22. Documents that show dominion and control of the SUBJECT PREMISES, including keys, receipts, bills, canceled checks, mail envelopes, rental agreements, mortgage documents, telephone records and bills, utility bills, and internet/cable provider statements.
23. Computer equipment and/or storage devices used to create or capable of creating or storing the items, data, or records referenced in this Attachment; software for any such equipment and/or storage devices; computer-related documentation describing or explaining the operation and/or configuration of any hardware or software seized; and all passwords, encryption devices, and other access devices for any hardware or software seized.
24. For any computer or electronic evidence, forensic evidence that relating to evidence of who used, owned, or controlled the computers at the time the items described herein were created, edited, or deleted, including logs, time stamps, internet protocol addresses, registry entries, configuration files, saved usernames and passwords, filenames, browsing history, user profiles, bookmarks, email, email contacts, "chat" and instant messaging logs; evidence of the existence or absence of software that would allow others to control any seized or imaged computers.

**UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
Receipt for Property Received/Returned/Released/Seized**

File # 209A-SF-286044On (date) 5/7/14

item(s) listed below were:

- ☐ Received From
☐ Returned To
☐ Released To
☐ Seized

(Name) Carolina Liquid Chemical(Street Address) 575 W. Patterson Ave #450(City) Winston-Salem, NCDescription of Item(s): (1) Box of documents(2) Envelope containing documents(3) Documents + binders(4) Documents Client list(5) Customer list documents(6) Customer list documents(7) Client invoices(8) Client + Marketing info(9) Customer information(10) Marketing + business docs(11) proposals + spreadsheets(12) Documents(13) Code map documents(14) Analysis documents(15) Client files A-C(16) Client files E-I(17) Client files L-P(18) Client files P-W(19) Client files - various(20) Client files + checklists

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
Receipt for Property Received/Returned/Released/Seized

File # 209A-SF-2866147On (date) 5/7/14

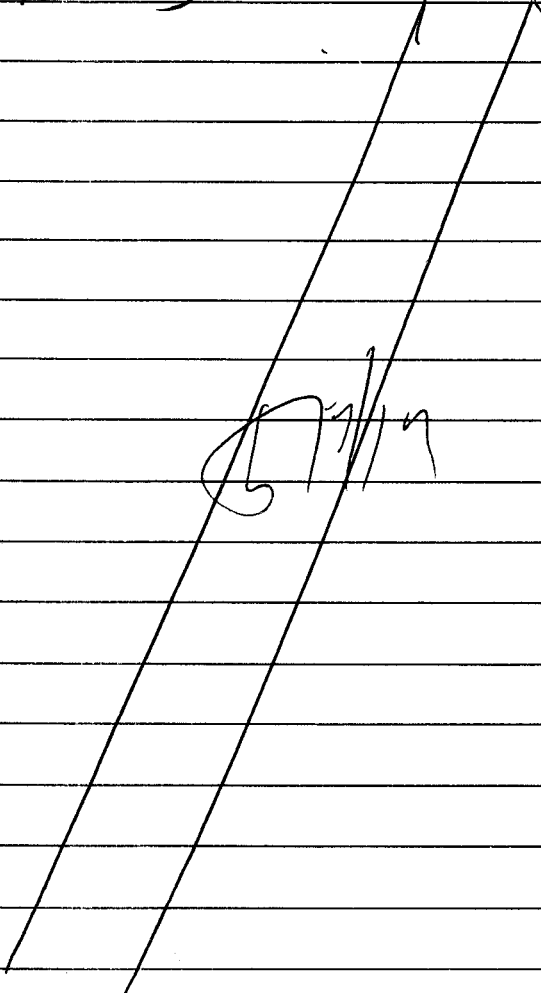
item(s) listed below were:

- ☐ Received From
☐ Returned To
☐ Released To
☒ Seized

(Name) Carolina Liquid Chemical(Street Address) 375 N. Patterson(City) Winston-Salem, NC

Description of Item(s):

21 markety docs
22 manuals



Search Warrant Executed At:
Carolina Liquid Chemistries
575 N. Patterson Avenue, Ste. 420
Winston-Salem, NC 27101

CAROLINA LIQUID CHEMISTRIES

SA Hilary Rickher

San Francisco Resident Office

5/7/2014

1 1

1	5-7-2014	1	One box containing training manuals & operator manuals for the CLC 480, Biolis 24i and CLC 720 Chemical Analyzer Test Systems. Located in Room L (left desk); found by GD.	N/V
////////	////////////////	////////////////	////////////////////////////////////END OF ITEMS////////////////////////////////////	////////////////

N/V

Search Warrant Executed At:
Carolina Liquid Chemistries
575 N. Patterson Avenue, Ste. 420
Winston-Salem, NC 27101

CAROLINA LIQUID CHEMISTRIES

SA Hilary Rickher

San Francisco Resident Office

5/7/2014

1

3

1	5-7-2014	6	One evidence bag containing reagents from Immunalysis Corp. Tramadol Enzyme, 100mg, Lot EK9103; Fentanyl Enzyme, Lot EK9112; Zolpidem Enzyme, Lot EK8811; Methamphetamine, Lot 1301010, Exp. July 3, 2014; Meperidine Enzyme, Lot EKR 10129 and Cannabinoids Lot EK9102. Used with CLC 480 & Biolis 24i Test Systems. Located in Room L (refrigerator); found by GD.	N/V
2	5-7-2014	12	One evidence bag containing reagents from Carolina Liquid Chemistries (CLC). OP for Opiate R1&R2, Lot M1326, Exp. May 2015; PCP for Opiate R1&R2, Lot C1379, Exp. 4/14; Methadone Metabolites (EDDP) for Opiate R1&R2, Lot L1352, Exp. Feb 2015; Benzodiazapenes (Benz) for Opiate R1&R2, Lot L1381, Exp. May 2015; THC 50 (THC), Lot M1357, Exp. Dec 2014; Propoxyphene (Prox), Lot B1348, Exp. June 2014; Methadone (METD), Lot B1328, Exp. 1/2014; Oxycodone (OXYC), Lot M1325, Exp. 11/2014; 6-AM Acetyl Morphine (Heroin), Lot M1309, Exp. 2015; Cocaine (COCM), Lot 1359, Exp. Sep 2014; Ethanol (ETHA), Lot K1351, Exp. July 2014, and Buprenorphine (BUP), Lot A1401, Exp. 5/ 2015. Used with CLC 480 & Biolis 24i Test Systems. Located in Room L (refrigerator); found by GD.	N/V

N/V

5/7/2014

San Francisco Resident Office

3	5-7-2014	13	One evidence bag containing calibrators from Carolina Liquid Chemistries. 3 x Norbuprenorphine, Lots 1312025, 1312027, 1312028 Exp. 11/6/2015; 4x Methadone, Lots 1301050, Exp 2/27/15, 1301049, Exp 2/27/15, 11050216, Exp 5/12/13, 1301047K2, Exp 2/27/15; 4x Cannabinoids, Lot 1311026, Exp 5/5/15, 1311025, Exp 5/5/15, 1211159, Exp 5/29/15, 1311020R, Exp 5/5/15; 4 x Ecstasy, Lots 131048, 1310149, 1310144, 1310146, Exp 11/25/15; 4 x Oxycodone, Lots 1308118, Exp 9/24/15, 1308121 Exp 9/24/15, 1308123, Exp 9/24/15, 1302039, Exp 3/4/15; 4 x Opiate, Lots 1401001, Exp 1/8/16, 1401003, Exp 1/8/16, 1204017, Exp 4/3/14, 1401006, Exp 1/8/16; 4 x Methamphetamine, Lot 1311123, Exp 11/15/15, 1304079K2, Exp 4/17/15, 1304074K2, Exp 4/17/15, 1304078K2, Exp 4/17/15; 4 x Norbuprenorphine, Lots 1312029, Exp 11/6/15, 1310040, Exp 10/3/15, 1310038, Exp 10/3/15, 1312028, Exp 11/6/15; Ethyl Alcohol, Lot 1211070, Exp 11/15/13; 6-Acetylmorphine, Lot 1310036, Exp 10/3/15; 4 x Tramadol, Lots E18251, Exp 6/14, E18657, Exp 7/14, E17067, Exp 2/14, E18254, Exp 6/14; Zolpidem, Lot E-19080, Exp 9/30/14; Pentanoic Acid, Lot E17243, Exp 2/28/14. Used with CLC 480 & Biolis 24i Test Systems. Located in Room L (refrigerator); found by GD.	N/V N/V
4	5-7-2014	13	One evidence bag containing reagents from Carolina Liquid Chemistries (CLC). THC for Opiates R1&R2, Lot 10241, Exp. 6/2015; Opiates 4R1&R2, Lot 10201, Exp. 9/2014; Prox for Opiates R1&R2, Lot 10202, Exp. June 2014; Ethanol (Etha) for Opiates R1&R2, Lot 10094, Exp. 3/2014; Cocaine (COCM) R1&R2, Lot 10217, Exp. 9/2014; Methadone (METD) R1&R2, Lot 10228, Exp. 4/15; Amphetamines (AMPH) R1&R2, Lot 10321, Exp. 7/2015; Ecstasy (XTSY) R1&R2, Lot 10179, Exp. 10/2014; PCP R1&R2, Lot 10204, Exp. 2/2015; Benzodiazepine R1&R2, Lot 10082, Exp. 10/14; EDDP R1&R2, Lot 10226, Exp. 6/2014; Barbiturates (BARB), Lot 10189, Exp. 3/2015; Oxycodone (OXYC), Lot 10231, Exp. 11/2014. Used with CLC 480 & Biolis 24i Test Systems. Located in Room M (refrigerator); found by GD.	N/V N/V

5/7/2014

San Francisco Resident Office

N/V

5

5-7-2014

2

One evidence bag containing two plastic containers of calibrators & controls; one container labeled Fentanyl with brown glass bottles the following lots, Lot E17923, Exp. 5/15; Lot E18317, Exp. 6/14; Lot E18199, Exp. 6/14; Lot E18265, Exp. 6/14; Lot E16733, Exp. 12/13; Lot E17890, Exp. 5/14; Lot E18198, Exp. 6/14; Lot E18198, Exp. 6/14; Lot E16769, Exp. 1/14; Lot E16768, Exp. 1/14; Lot E16886, Exp. 1/14; Lot E19073, Exp. 9/14; Lot E16886, Exp. 1/14; Lot E16887, Exp. 1/14; Lot E18264, Exp. 6/14; Lot E18791, Exp. 8/14; Lot E16886, Exp. 1/14; Lot E18265, Lot 6/14, Exp. 6/14; Lot E15794, Exp. 7/14; second container labeled Mentadol, Lot E18202, Exp. 6/2014; Lot E16613, Exp. 12/2013; Lot E16971, Exp. 1/14; Lot E16970, Exp. 1/14; Lot E18065, Exp. 6/14; Lot E18066, Exp. 6/14; Lot E16706, Exp. 12/14; Lot E16967, Exp. 1/14; Lot E17891, Exp. 5/14; Lot E16654, Exp. 12/13; Lot E17891, Exp. 5/14; Lot E16972, Exp. 1/14; Lot E16652, Exp. 12/13; Lot E16653, Exp. 12/13; Lot 16969, Exp. 1/14; Lot E18200, Exp. 6/14; Lot E16655, Exp. 12/13; Lot E16614, Exp. 12/13. Used with CLC 720 Test System. Located in Room M; found by GD.

N/V

6

5-7-14

1

One evidence containing one bottle labeled Fast Detergent 1 (Alkaline Wash). Located in Room L; found by RH.

N/V

7

5-7-14

2

One evidence bag containing 2 white, cardboard boxes, containing 4 bottles labeled Fast Detergent 2 (Acid Washing). Located in Room M; found by RH.

NV

////////// // // //END OF ITEMS// //

N/V

Search Warrant Executed At:
Carolina Liquid Chemistries
575 N. Patterson Avenue, Ste. 420
Winston-Salem, NC 27101

CAROLINA LIQUID CHEMISTRIES

SA Hilary Rickher

San Francisco Resident Office

5/7/2014

1

2

1	5-7-2014	1	Dell Optiplex desktop computer, S/N: 87BYQ XD9XX 4YMFFW 2JYQ4 used to run Biolis 24i Chemical Analyzer Test System. Located in Room L, center table; found by GD.	N/A
2	5-7-2014	1	Biolis 24i Chemical Analyzer Test System S/N: 2232560611 used with item 1. Located in Room L, center table; found by GD.	N/A
3	5-7-2014	1	One box containing empty water container and empty waste container, and associated tubes/cables used with Biolis 24i Chemical Analyzer Test System. Located in Room L; found by MH.	N/A
4	5-7-2014	1	One box containing empty alkaline container and empty acidic container & associated tubing/cables used with the Biolis24i Chemical Analyzer Test System. Located in Room L; found by MH.	N/A
5	5-7-2014	1	Dell Desktop Computer S/N: 14364996049 used to run CLC 480 Chemical Analyzer Test System. Located in Room L; found by RK.	N/A
6	5-7-2014	1	CLC 480 Chemical Analyzer Test System S/N: 270B470512 used with item 5. Located in Room L; found by RK.	N/A
7	5-7-2014	2	Two boxes containing empty alkaline container and empty acidic container & associated tubing/cables used with the CLC 480 Chemical Analyzer Test System.	N/A
8	5-7-2014	1	Dell Optiplex 78 Desktop Computer Service Tag 6PP6JQ1 used to run CLC UDT 720 Test System. Located in Room M (lab); found by RK.	N/A

5-7-2014

San Francisco Resident Office

N/A

9 5-7-2014 1 CLC UDT 720 Test System S/N: WD-0B100885T, used with
item 8. Located in Room M (lab); found by RK.

N/A

10 5-7-2014 2 Two boxes containing empty water container,
components/cables used with the CLC 720 Chemical
Analyzer Test System. Located in Room M; found by RK.

N/A

///// ////////////////////////////////// ////////////////////////////////// //////////////////////////////////END OF ITEMS//////////////////////////////////// //////////////////////////////////

N/A

OIG/DIU Inventory of Electronic Items

Western Digital WCAV01336092
Western Digital WCAV01336092
Western Digital WCAV01335051